

DANBY TOWNSHIP  
IONIA COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2005

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Danby Township</b>	County <b>Ionia</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>11/9/05</b>	Date Accountant Report Submitted to State: <b>12/29/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☒ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Barry E. Gaudette, CPA, PC</b>			
Street Address <b>1107 E. Eighth Street</b>	City <b>Traverse City</b>	State <b>MI</b>	ZIP <b>49686</b>
Accountant Signature <i>Barry E. Gaudette, CPA</i>		Date <b>12/28/05</b>	

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INTRODUCTORY SECTION

DANBY TOWNSHIP  
LIST OF ELECTED OFFICIALS  
MARCH 31, 2005  
=====

ELECTED OFFICIALS

Richard Pohl	Supervisor
Kristina K. Platte	Clerk
Elizabeth C. Kolarik	Treasurer
Mary K. Price	Trustee
William J. Nichols	Trustee

FINANCIAL SECTION

**Barry E. Gaudette, CPA, P.C.**

CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street  
Traverse City, Michigan 49685  
(231) 946-8930  
Fax (231) 946-1377

### INDEPENDENT AUDITORS' REPORT

Members of the Township Board  
Danby Township  
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Danby Township, Ionia County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Danby Township  
Independent Auditors' Report  
Page Two

In my opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Danby Township, Ionia County, Michigan, as of March 31, 2005, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV(C), the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of March 31, 2005.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Danby Township's, Ionia County, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

*Bary E. Sandell, CPA, PC*

November 9, 2005



BASIC FINANCIAL STATEMENTS

Danby Township  
Statement of Net Assets  
March 31, 2005

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 722,607
Receivables	10,076
Prepaid insurance	2,558
Due from other funds	15,971
Capital assets (net of accumulated depreciation):	
Land and improvements	96,749
Buildings and improvements	115,206
Machinery and equipment	12,887
Office equipment	<u>11,818</u>
Total assets	<u>987,872</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	<u>3,912</u>
Total liabilities	<u>3,912</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	236,660
Unrestricted	<u>747,300</u>
Total net assets	<u>\$ 983,960</u>

See notes to financial statements

Danby Township  
Statement of Activities  
For the Year Ended March 31, 2005

Functions /Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Legislative	\$ 24,177	\$	\$	\$
General				
Government	126,656	5,545	3,798	2,746
Public safety	92,098	31,938		
Public works	97,265		7,319	
Community/ economic development	<u>9,747</u>	<u>2,770</u>	<u></u>	<u></u>
Total governmental activities	<u>\$ 349,943</u>	<u>\$ 40,253</u>	<u>\$ 11,117</u>	<u>\$ 2,746</u>

General revenues:  
Property taxes & administrative fees  
State aid  
Interest earnings  
Rentals  
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements.

Net (Expense)  
Revenue and  
Changes in  
Net Assets

Governmental  
Activities

\$ ( 24,177)

( 114,567)

( 60,160)

( 89,946)

( 6,977)

( 295,827)

95,874

180,472

8,666

280

11,567

296,859

1,032

982,928

\$ 983,960

Danby Township  
Balance Sheet  
Governmental Funds  
March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Public Improvement</u>	<u>Improvement Revolving</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 153,891	\$ 39,374	\$ 134,486	\$ 220,837
Receivables	10,076			
Prepaid insurance	2,558			
Due from other funds	<u>15,971</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 182,496</u>	<u>\$ 39,374</u>	<u>\$ 134,486</u>	<u>\$ 220,837</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 3,865	\$	\$	\$
Accrued liabilities	<u>47</u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>3,912</u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances:				
Unreserved, reported in:				
General fund	178,584			
Special revenue funds	<u>          </u>	<u>39,374</u>	<u>134,486</u>	<u>220,837</u>
Total fund balances	<u>178,584</u>	<u>39,374</u>	<u>134,486</u>	<u>220,837</u>
Total Liabilities and Fund Balances	<u>\$ 182,496</u>	<u>\$ 39,374</u>	<u>\$ 134,486</u>	<u>\$ 220,837</u>

See notes to financial statements

<u>Road &amp; Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 170,325	\$ 3,694	\$ 722,607 10,076 2,558
		<u>15,971</u>
<u>\$ 170,325</u>	<u>\$ 3,694</u>	<u>\$ 751,212</u>
\$	\$	\$ 3,865 47
		<u>3,912</u>
		178,584
<u>170,325</u>	<u>3,694</u>	<u>568,716</u>
<u>170,325</u>	<u>3,694</u>	<u>747,300</u>
<u>\$ 170,325</u>	<u>\$ 3,694</u>	<u>\$ 751,212</u>

Danby Township  
Reconciliation of the Governmental Funds  
Balance Sheet  
With the Statement of Net Assets  
March 31, 2005

Amounts reported for governmental activities in the  
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 747,300
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Capital assets used in governmental activities  
are not financial resources and therefore are  
not reported as assets in governmental funds:

Cost of capital assets	361,856
Accumulated depreciation	<u>( 125,196)</u>

Total Net Assets - Governmental Activities	<u>\$ 983,960</u>
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See notes to financial statements

**Danby Township**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance**  
**Governmental Funds**  
**For the Year Ended March 31, 2005**

	<u>General</u>	<u>Fire</u>	<u>Public Improvement</u>	<u>Improvement Revolving</u>
<b>REVENUES</b>				
Taxes & adm. fees	\$ 76,344	\$ 23,328	\$	\$
Licenses & permits	6,336			
State aid	180,472			
Charges for services	36,110			
Interest earnings	522	636	1,803	3,963
Rents	280			
Miscellaneous	<u>14,839</u>			<u>3,800</u>
Total revenues	<u>314,903</u>	<u>23,964</u>	<u>1,803</u>	<u>7,763</u>
<b>EXPENDITURES</b>				
Current:				
Legislative	24,177			
General government	111,512			
Public safety	42,817	48,275		
Public works	97,265			
Community/economic development	<u>9,747</u>			
Total expenditures	<u>285,518</u>	<u>48,275</u>		
Excess (deficiency) of revenues over (under) expenditures	29,385	(24,311)	1,803	7,763
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in(out)	<u>44,889</u>		<u>( 40,000)</u>	<u>( 3,800)</u>
Net changes in fund balances	74,274	(24,311)	( 38,197)	3,963
Fund balances- beginning	<u>104,310</u>	<u>63,685</u>	<u>172,683</u>	<u>216,874</u>
Fund balances- ending	<u>\$ 178,584</u>	<u>\$ 39,374</u>	<u>\$ 134,486</u>	<u>\$ 220,837</u>

See notes to financial statements



<u>Road &amp; Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$ 99,672
		6,336
		180,472
		36,110
1,714	28	8,666
		280
<u>          </u>	<u>800</u>	<u>19,439</u>
<u>1,714</u>	<u>828</u>	<u>350,975</u>
		24,177
		111,512
		91,092
		97,265
<u>          </u>	<u>          </u>	<u>9,747</u>
<u>          </u>	<u>          </u>	<u>333,793</u>
1,714	828	17,182
<u>          </u>	<u>( 1,089)</u>	<u>          </u>
1,714	( 261)	17,182
<u>168,611</u>	<u>3,955</u>	<u>730,118</u>
<u>\$170,325</u>	<u>\$ 3,694</u>	<u>\$ 747,300</u>

Danby Township  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Funds  
To the Statement of Activities  
For the Year Ended March 31, 2005

Amounts reported for governmental activities in the  
statement of activities are different because:

Total net change in fund balances -	
total governmental funds	\$ 17,182

Governmental funds report capital outlays  
as expenditures. However, in the statement  
of activities the cost of those assets is  
allocated over their estimated useful lives  
and reported as depreciation expense. This  
is the amount by which capital outlays  
exceeded depreciation in the current period. ( 16,150)

Change in net assets of governmental activities	<u>\$ 1,032</u>
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See notes to financial statements

Danby Township  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
-Budget and Actual  
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
Property taxes and related fees	\$ 65,000	\$ 65,000	\$ 76,344	\$ 11,344
Licenses & permits	4,200	4,200	6,336	2,136
State aid	120,000	120,000	180,472	60,472
Charges for services	21,000	21,000	36,110	15,110
Sale of assets	2,000	2,000	553	( 1,447)
Interest earnings	1,000	1,000	522	( 478)
Rents	280	280	280	
Miscellaneous	7,500	7,500	14,286	6,786
Total revenues	<u>220,980</u>	<u>220,980</u>	<u>314,903</u>	<u>93,923</u>
<b>EXPENDITURES</b>				
Current:				
Legislative:				
Township board	<u>29,880</u>	<u>29,880</u>	<u>24,177</u>	<u>5,703</u>
General government:				
Supervisor	12,400	12,400	11,813	587
Elections	4,550	4,550	4,483	67
Assessor	14,670	14,670	14,008	662
Clerk	18,290	18,290	17,422	868
Board of review	2,200	2,200	1,298	902
Treasurer	23,340	23,340	22,410	930
Building & grounds	6,180	6,180	6,224	( 44)
Cemetery	21,652	21,652	16,435	5,217
Other-unclassified	<u>16,900</u>	<u>16,900</u>	<u>17,419</u>	<u>( 519)</u>
Total general government	<u>120,182</u>	<u>120,182</u>	<u>111,512</u>	<u>8,670</u>
Public safety:				
Ambulance	37,496	37,496	42,753	( 5,257)
PAMA	<u>200</u>	<u>200</u>	<u>64</u>	<u>136</u>
Total public safety	<u>37,696</u>	<u>37,696</u>	<u>42,817</u>	<u>( 5,121)</u>

**Danby Township**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**-Budget and Actual**  
**For the Year Ended March 31, 2005**  
**(Continued)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
<b>EXPENDITURES</b>				
<b>(CONTINUED):</b>				
Current:				
Public works:				
Roads maintenance	134,000	134,000	95,287	38,713
Drain at large	<u>5,000</u>	<u>5,000</u>	<u>1,978</u>	<u>3,022</u>
Total public works	<u>139,000</u>	<u>139,000</u>	<u>97,265</u>	<u>41,735</u>
Community/Economic development:				
Planning commission	9,200	9,200	3,128	6,072
Zoning administrator	6,000	6,000	6,145	( 145)
Zoning board of appeals	<u>1,268</u>	<u>1,268</u>	<u>474</u>	<u>794</u>
Total community/economic development	<u>16,468</u>	<u>16,468</u>	<u>9,747</u>	<u>6,721</u>
Total expenditures	<u>343,226</u>	<u>343,226</u>	<u>285,518</u>	<u>57,708</u>
Excess (deficiency) of revenues over (under) over expenditures	<u>(122,246)</u>	<u>(122,246)</u>	<u>29,385</u>	<u>151,631</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	105,000	105,000	44,889	( 60,111)
Transfer (out)	<u>( 45,000)</u>	<u>( 45,000)</u>		<u>45,000</u>
Total other financing sources (uses)	<u>60,000</u>	<u>60,000</u>	<u>44,889</u>	<u>( 15,111)</u>

Danby Township  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
-Budget and Actual  
For the Year Ended March 31, 2005  
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
Net changes in fund balances	( 62,246)	( 62,246)	74,274	136,520
Fund balances- beginning	<u>85,875</u>	<u>85,875</u>	<u>104,310</u>	<u>18,435</u>
Fund balances- ending	<u>\$ 23,629</u>	<u>\$ 23,629</u>	<u>\$178,584</u>	<u>\$ 154,955</u>

See notes to financial statements

Danby Township  
Combined Statement of Fiduciary Funds  
Fiduciary Funds  
March 31, 2005

	Non-Expendable Trust Fund	Agency Fund
	<u>Fund</u>	<u>Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,422	\$ 15,971
Investments-CD's	<u>19,667</u>	<u>          </u>
Total assets	<u>35,089</u>	<u>15,971</u>
 <b>LIABILITIES</b>		
Due to other funds	<u>          </u>	<u>15,971</u>
 <b>NET ASSETS</b>		
Held in trust for other purposes	<u>\$ 35,089</u>	<u>\$          </u>

See notes to financial statements

Danby Township  
Combined Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended March 31, 2005

	Non-Expendable Trust Fund	Agency Fund
<b>ADDITIONS</b>		
Property tax collections, special assessments and fees	\$	\$1,856,710
Charges for services	125	
Interest earnings	<u>1,000</u>	<u>318</u>
Total additions	<u>1,125</u>	<u>1,857,028</u>
<b>DEDUCTIONS</b>		
Payments to other funds		119,421
Payments to other governmental units		<u>1,737,607</u>
Total deductions		<u>1,857,028</u>
Changes in net assets	1,125	
Net assets - beginning	<u>33,964</u>	
Net assets - ending	<u>\$ 35,089</u>	<u>\$</u>

See notes to financial statements

Danby Township  
 Combined Statement of Cash Flows  
 All Non-Expendable Trust Funds  
 For The Year Ended March 31, 2005

	Fiduciary Fund <u>Types</u>	Non-Expendable <u>Trust</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Charges for services	\$ 125	
Cash provided by operating activities	<u>125</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on cash equivalents	<u>1,000</u>	
Cash provided by investing activities	<u>1,000</u>	
Increase in cash and cash equivalents	1,125	
Cash and cash equivalents, beginning	<u>14,297</u>	
Cash and cash equivalents, ending	<u>\$ 15,422</u>	

See notes to financial statements



**Danby Township**  
**Notes to the Financial Statements**  
**March 31, 2005**

**I. Summary of significant accounting policies**

The financial statements of the Danby Township (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

**A. Reporting entity**

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns

in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Ionia County, which advances the Township 100% for the delinquent taxes.

The 2004 taxable valuation of the Township totaled \$66,607,704, on which ad valorem taxes levied consisted of .8071 mills for Township operating purposes and another .1100 mills for drain at large. These amounts are recognized in the General Fund as current tax revenue as well as administrative fees of \$18,801 to collect the taxes and applicable interest.

The Township also levies .5000 mills for Township fire purposes in the Portland area and is reported in the Fire Fund. There is another 2.5000 mills levied for the Roxand area and 2.0000 mills for the Sunfield area that are collected and distributed to those fire districts.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *fire fund* is a special revenue fund that accounts for the collection of a tax levy for the Portland area.

The *public improvement fund* is a special revenue fund that was created in 1980 to account for monies that are restricted for public improvements.

The *improvement revolving fund* is a special revenue fund that was created in 1984 to account for monies that are not restricted and can be used whenever they are needed. The fund cannot exceed five mills of SEV.

The *road and bridge fund* is a special revenue fund that was created in 1989 to account for monies for the maintenance, repair and improvements of roads and bridges in the Township.

Additionally, the government reports the following fund types:

The *pearlbarr lighting* and *cemetery building funds* are special revenue funds.

The Township reports the following fiduciary funds:

These funds are used to account for assets held in trust or as an agent for others. The Township has two fiduciary funds as follows:

Agency Fund

Agency funds are purely custodial in nature (assets equal liabilities) and thus, do not involve measurement of results of operations. The *tax collection fund* is an agency fund.

### Non-expendable Trust Funds

The measurement focus of the non-expendable trust funds should be accounted for on the accrual basis. The Township's cemetery perpetual care, Shuman-Rumfield, Wm. B. Shuman, Alice A. Fishbeck, D.F. Deatsman, Wm. J. Browne, and Benton Stiffler are non-expendable trust funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

### **D. Assets, liabilities, and net assets**

#### **1. Deposits and investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of

U.S. banks, and mutual funds composed of investments as outlined above.

## **2. Short-term interfund receivables/payable**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

## **3. Receivables and payables**

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

## **4. Prepaid items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **5. Capital assets**

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	40
Machinery and equipment	7
Office furniture and equipment	5

## **6. *Compensated absences***

The Township does not have a compensated absence policy.

## **7. *Long-term obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The Township does not have any long-term debt.

## **8. *Fund balance***

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **9. *Use of estimates***

The process of preparing general purpose financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

# **II. Stewardship, compliance, and accountability**

## **A. *Budgetary information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has not been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

**B. Excess of expenditures over appropriations**

For the year ended March 31, 2005, expenditures exceeded appropriations in the activities of building & grounds, ambulance, zoning administrator (the legal level of budgetary control) of the general fund by \$44, \$5,257 and \$145, respectively. These overexpenditures were funded by the available fund balance in the general fund.

**III. Detailed notes on all funds**

**A. Deposits and investments**

At year-end, the carrying amount of the Township's deposits were \$773,667 and the bank balance was \$816,141, of which \$816,141 was covered by federal depository insurance.

#### B. Receivables

Receivables as of year end for the government's general fund was \$3,379 for taxes and \$6,697 for ambulance fees.

#### C. Capital assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land & improvements	\$ 96,749	\$ _____	\$ _____	\$ 96,749
Capital assets, being depreciated:				
Buildings & improvements	198,909			198,909
Machinery & equipment	36,083			36,083
Office equipment	<u>30,115</u>	<u>_____</u>	<u>_____</u>	<u>30,115</u>
Total capital assets being depreciated	<u>265,107</u>	<u>_____</u>	<u>_____</u>	<u>265,107</u>
Less accumulated depreciation for:				
Buildings & improvements	( 78,730)	( 4,973)		( 83,703)
Machinery & equipment	( 18,042)	( 5,154)		( 23,196)
Office equipment	<u>( 12,274)</u>	<u>( 6,023)</u>	<u>_____</u>	<u>( 18,297)</u>
Total accumulated depreciation	<u>(109,046)</u>	<u>( 16,150)</u>	<u>_____</u>	<u>(125,196)</u>
Total capital assets, being depreciated, net	<u>156,061</u>	<u>( 16,150)</u>	<u>_____</u>	<u>139,911</u>
Governmental activities capital assets, net	<u>\$ 252,810</u>	<u>\$ ( 16,150)</u>	<u>\$ _____</u>	<u>\$ 236,660</u>



Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 15,144
Public safety	<u>1,006</u>
Total depreciation expense-	
governmental activities	<u>\$ 16,150</u>

#### D. Interfund receivables, payables, and transfers

Interfund transfers:

	<u>Transfer In:</u>		
Transfer out:	<u>General Fund</u>	<u>Nonmajor Govern'l</u>	<u>Total</u>
Public improvement fund	\$40,000	\$	\$ 40,000
Improvement revolving fund		3,800	3,800
Cemetery building fund	<u>4,889</u>	<u>          </u>	<u>4,889</u>
Total transfers out	<u>\$44,889</u>	<u>\$ 3,800</u>	<u>\$ 48,689</u>

The composition of interfund balances as of March 31, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency fund	<u>\$ 15,971</u>

#### IV. Other information

##### A. Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation). The Township was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Township joined together with other governments and created a public entity risk pool currently operating as a common risk

management and insurance program. The Township pays an annual premium to the pool for its general insurance coverage.

The Township has purchased commercial insurance for all other risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Township is unable to provide an estimate of the amounts of additional assessments.

#### **B. Pension plan**

The Township paid \$8,568 during the fiscal year 2004/05 to Manufacturers' Life Insurance to fund a defined contribution pension plan for participants. This amount consists of contributions from both the Township and participants. Participant contributions are not required and voluntary non-deductible contributions are allowed.

The pension plan has:

- a) no minimum service requirements;
- b) all members of the Board are eligible and full time employees;
- c) the Township shall annually contribute 100 percent premiums or charges based on contributions of 20 percent of annual salary (minimum cost is \$300), and;
- d) immediate payoff is available.

#### **C. Implementation of new accounting standard**

As of and for the year ended March 31, 2005, the Township implemented GASB Statement Number 34 - *Basic Financial Statements - and Management's Discussion and Analysis - State and Local Governments*. The more significant changes required by the standard include a Management Discussion and Analysis; government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting; fund financial statements, consisting of a series of statements that focus on a governments' major funds; and schedules to reconcile the fund financial statements to the government-wide financial statements.

## Nonmajor Governmental Funds

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Pearlbarr Lighting Fund* - The Pearlbarr I Special Assessment District was established in 1993. A fee per lot is assessed for streetlights in the Pearlbarr I subdivision. \$56.00 per lot is spread. The Pearlbarr II Special Assessment District was established in 1997. A fee per lot is spread for streetlights in Pearlbarr II subdivision. \$30.01 per lot is spread.

*Cemetery Building Fund* - This fund collect monies to the purpose of cemetery building improvements.

Danby Township  
Combining Balance Sheet  
Nonmajor Governmental Funds  
March 31, 2005

	<u>Special Revenue</u>		
	<u>Pearlbarr Lighting</u>	<u>Cemetery Building</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 806	\$ 2,888	\$ 3,694
Total assets	<u>\$ 806</u>	<u>\$ 2,888</u>	<u>\$ 3,694</u>
<b>FUND BALANCES</b>			
Unreserved, designated	806	2,888	3,694
Total fund balances	<u>\$ 806</u>	<u>\$ 2,888</u>	<u>\$ 3,694</u>

See notes to financial statements

Danby Township  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended March 31, 2005

	<u>Special Revenue</u>		
	<u>Pearlbarr Lighting</u>	<u>Cemetery Building</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Interest earnings	\$ 6	\$ 22	\$ 28
Other	<u>800</u>	<u></u>	<u>800</u>
Total revenues	<u>806</u>	<u>22</u>	<u>828</u>
<b>EXPENDITURES</b>			
Current:			
General government			
Public works	<u></u>	<u></u>	<u></u>
Total expenditures	<u></u>	<u></u>	<u></u>
Excess (deficiency) of revenues over (under) expenditures	<u>806</u>	<u>22</u>	<u>828</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in:			
Improvement revolving fund		3,800	3,800
Transfers out:			
General fund	<u></u>	<u>( 4,889)</u>	<u>( 4,889)</u>
Total other financing sources (uses)	<u></u>	<u>( 1,089)</u>	<u>( 1,089)</u>
Net change in fund balances	806	( 1,067)	( 261)
Fund balances- beginning	<u></u>	<u>3,955</u>	<u>3,955</u>
Fund balances- ending	<u>\$ 806</u>	<u>\$ 2,888</u>	<u>\$ 3,694</u>

See notes to financial statements

**Non-Expendable Trust Funds**

*Cemetery Perpetual Care Fund* - This fund was created in 1988. Fifteen percent of each lot sale is put into this fund for the future care of the cemetery.

*Shuman Rumfield Trust Fund* - \$19,000.00 was bequeathed to Danby Township by Clarinda Rumfield. The principal must stay intact. The interest is used for the care of the cemetery.

**Other Non-Expendable Trust Funds**

*Wm. B. Shuman, Alice A. Fishbeck Estate, D.F. Deatsman, Wm. J. Browne Estate, and Benton Stiffler Trust Funds*

Danby Township  
Combining Balance Sheet  
Non-Expendable Trust Funds  
March 31, 2005

	<u>Non-Expendable Trust Funds</u>			
	<u>Cemetery Perpetual Care</u>	<u>Shuman Rumfield</u>	<u>Wm. B. Shuman</u>	<u>Alice A. Fishbeck Estate</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,850	\$ 7,209	\$ 79	\$ 28
Investments-CD's	<u>1,383</u>	<u>17,000</u>	<u>272</u>	<u>129</u>
Total assets	<u>\$ 9,233</u>	<u>\$ 24,209</u>	<u>\$ 351</u>	<u>\$ 157</u>
<b>NET ASSETS</b>				
Held in trust for other purposes	<u>9,233</u>	<u>24,209</u>	<u>351</u>	<u>157</u>
Total net assets	<u>\$ 9,233</u>	<u>\$ 24,209</u>	<u>\$ 351</u>	<u>\$ 157</u>

See notes to financial statements

<u>D.F.</u> <u>Deatsman</u>	<u>Wm. J.</u> <u>Browne</u> <u>Estate</u>	<u>Benton</u> <u>Stiffler</u>	<u>Totals</u>
\$ 103	\$ 77	\$ 76	\$ 15,422
<u>338</u>	<u>273</u>	<u>272</u>	<u>19,667</u>
<u>\$ 441</u>	<u>\$ 350</u>	<u>\$ 348</u>	<u>\$ 35,089</u>
 <u>441</u>	 <u>350</u>	 <u>348</u>	 <u>35,089</u>
<u>\$ 441</u>	<u>\$ 350</u>	<u>\$ 348</u>	<u>\$ 35,089</u>



Danby Township  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Non-Expendable Trust Funds  
For The Year Ended March 31, 2005

	<u>Non-Expendable Trust Funds</u>			
	<u>Cemetery Perpetual Care</u>	<u>Shuman Rumfield</u>	<u>Wm. B. Shuman</u>	<u>Alice A. Fishbeck Estate</u>
<b>ADDITIONS</b>				
Charges for services	\$ 125	\$	\$	\$
Interest earnings	<u>59</u>	<u>898</u>	<u>10</u>	<u>3</u>
Total revenues	<u>184</u>	<u>898</u>	<u>10</u>	<u>3</u>
<b>DEDUCTIONS</b>				
Payments	<u></u>	<u></u>	<u></u>	<u></u>
Total deductions	<u></u>	<u></u>	<u></u>	<u></u>
Change in net assets	184	898	10	3
Net assets - beginning	<u>9,049</u>	<u>23,311</u>	<u>341</u>	<u>154</u>
Net assets - ending	<u>\$ 9,233</u>	<u>\$ 24,209</u>	<u>\$ 351</u>	<u>\$ 157</u>

See notes to financial statements

<u>D.F.</u> <u>Deatsman</u>	<u>Wm. J.</u> <u>Browne</u> <u>Estate</u>	<u>Benton</u> <u>Stiffler</u>	<u>Totals</u>
\$ 13	\$ 10	\$ 7	\$ 125
13	10	7	1,000
13	10	7	1,125
13	10	7	1,125
428	340	341	33,964
<u>\$ 441</u>	<u>\$ 350</u>	<u>\$ 348</u>	<u>\$ 35,089</u>

Danby Township  
Fire Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 23,502	\$ 23,502	\$ 23,328	\$ ( 174)
Interest earnings	500	500	636	136
Total revenues	<u>24,002</u>	<u>24,002</u>	<u>23,964</u>	<u>( 38)</u>
<b>EXPENDITURES</b>				
Public safety	<u>38,535</u>	<u>38,535</u>	<u>48,275</u>	<u>( 9,740)</u>
Total expenditures	<u>38,535</u>	<u>38,535</u>	<u>48,275</u>	<u>( 9,740)</u>
Net change in fund balances	( 14,533)	( 14,533)	( 24,311)	( 9,778)
Fund balances- beginning			<u>63,685</u>	<u>63,685</u>
Fund balances- ending	<u>\$( 14,533)</u>	<u>\$( 14,533)</u>	<u>\$ 39,374</u>	<u>\$ 53,907</u>

Danby Township  
Public Improvement Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Interest earnings	\$ 1,700	\$ 1,700	\$ 1,803	\$ 103
Total revenues	1,700	1,700	1,803	103
<b>EXPENDITURES</b>				
Public works				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	1,700	1,700	1,803	103
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,000	15,000		(15,000)
Transfers (out)	( 35,000)	( 35,000)	(40,000)	( 5,000)
Total other financing sources (uses)	( 20,000)	( 20,000)	(40,000)	(20,000)
Net change in fund balances	( 18,300)	( 18,300)	(38,197)	(19,897)
Fund balances- beginning			172,683	172,683
Fund balances- ending	<u>\$ ( 18,300)</u>	<u>\$ ( 18,300)</u>	<u>\$134,486</u>	<u>\$152,786</u>

Danby Township  
Improvement Revolving Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Interest earnings	\$ 2,100	\$ 2,100	\$ 3,963	\$ 1,863
Miscellaneous			3,800	3,800
Total revenues	<u>2,100</u>	<u>2,100</u>	<u>7,763</u>	<u>5,663</u>
<b>EXPENDITURES</b>				
Capital outlay				
Excess (deficiency) of revenues over (under) expenditures	<u>2,100</u>	<u>2,100</u>	<u>7,763</u>	<u>5,663</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,000	15,000		(15,000)
Transfers (out)	( 35,000)	( 35,000)	( 3,800)	31,200
Total other financing sources (uses)	<u>( 20,000)</u>	<u>( 20,000)</u>	<u>( 3,800)</u>	<u>16,200</u>
Net change in fund balances	( 17,900)	( 17,900)	3,963	21,863
Fund balances- beginning			216,874	216,874
Fund balances- ending	<u>\$( 17,900)</u>	<u>\$( 17,900)</u>	<u>\$220,837</u>	<u>\$238,737</u>

Danby Township  
Road and Bridge Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Interest earnings	\$ 2,000	\$ 2,000	\$ 1,714	( 286)
Total revenues	2,000	2,000	1,714	( 286)
<b>EXPENDITURES</b>				
Capital outlay				
Total expenditures				
Excess of revenues over expenditures	2,000	2,000	1,714	( 286)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	( 35,000)	( 35,000)		35,000
Net change in fund balances	( 33,000)	( 33,000)	1,714	34,714
Fund balances- beginning			168,611	168,611
Fund balances- ending	<u>\$( 33,000)</u>	<u>\$( 33,000)</u>	<u>\$170,325</u>	<u>\$ 203,325</u>

Danby Township  
 Pearlbarr Lighting Fund  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balances - Budget and Actual  
 For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<b>REVENUES</b>				
Interest earnings	\$	\$	\$ 6	\$ 6
Other	<u>1,448</u>	<u>1,448</u>	<u>800</u>	<u>( 648)</u>
Total revenues	<u>1,448</u>	<u>1,448</u>	<u>806</u>	<u>( 642)</u>
<b>EXPENDITURES</b>				
Public works	<u>1,448</u>	<u>1,448</u>		<u>1,448</u>
Total expenditures	<u>1,448</u>	<u>1,448</u>		<u>1,448</u>
Net change in fund balances			806	806
Fund balances- beginning				
Fund balances- ending	<u>\$</u>	<u>\$</u>	<u>\$ 806</u>	<u>\$ 806</u>

Danby Township  
Cemetery Building Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Interest earnings	\$	\$	22	22
Total revenues			22	22
<b>EXPENDITURES</b>				
Capital outlay				
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures			22	22
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			3,800	3,800
Transfers (out)			( 4,889)	( 4,889)
Total other financing sources (uses)			( 1,089)	( 1,089)
Net change in fund balances			( 1,067)	( 1,067)
Fund balances- beginning			3,955	3,955
Fund balances- ending	\$	\$	2,888	2,888



COMMENTS AND RECOMMENDATIONS

**Barry E. Gaudette, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

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Traverse City, Michigan 49686  
(231) 946-8930  
Fax (231) 946-1377

Members of the Township Board  
Danby Township  
Ionia County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

The following comment and recommendation is based on observations made during the course of our examination for the year ended March 31, 2005:

**Credit Card Policy**

The Township obtained a debit card during the current fiscal year, but had not adopted a credit card policy as of March 31, 2005. The Township Board at its' November 2005 board meeting, voted to discard with the debit card.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management, the Township Board, and the Michigan Department of Treasury and should not be used for any other purpose.

*Barry E. Gaudette, CPA, P.C.*

November 9, 2005